

October 11, 2002

To: Supervisor Zev Yaroslavsky, Chairman
Supervisor Gloria Molina
Supervisor Yvonne Brathwaite Burke
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: David E. Janssen
Chief Administrative Officer

**REMOVAL OF THE CONTRACTS UNIT FROM THE SHERIFF'S DEPARTMENT AND
PLACEMENT UNDER ALTERNATIVE MANAGEMENT (ITEM NO. 72, AGENDA OF
OCTOBER 15, 2002)**

On October 8, 2002, on motion by Supervisor Molina, the Board directed the Auditor-Controller (AC), Chief Administrative Officer (CAO), County Counsel (CoCo), and the Internal Services Department (ISD) to report back in one week on a plan to immediately remove the contracts unit from the Sheriff's Department and to place it under alternative management. The Board further moved that the same Departments immediately adopt the Auditor-Controller's recommendations regarding retroactive contracts, outlined in a Board memorandum dated September 30, 2002, and report back in one week with an implementation plan. The last referenced report will be provided under separate cover.

We do not recommend removing the contracts unit from the Sheriff's Department and placement under alternative management, however, a plan to accomplish this is provided for your consideration. As an alternative, we are recommending a plan to allow the unit to remain within the Sheriff's Department with assistance by the AC and ISD. In addition, the Sheriff's Department has developed the attached corrective action plan for your consideration. The plan outlines specific changes the Department will implement to address deficiencies within the contracts unit including estimated completion dates for each milestone.

Plan to Remove the Contracts Unit from the Sheriff's Department

In order to remove the contracts unit from the Sheriff's Department, the Board must vote to remove contract functions from the Sheriff's Department and select an alternative organization. Candidates include departments with large contracting functions such as the Department of Public Works, Department of Public Social Services, or an organization with administrative or contracting expertise such as ISD, CoCo, or AC.

The Board would also need to instruct the CAO to make the necessary budget adjustments to move the positions and resources from the Sheriff's Department to the department assuming the contracting function. The Board would then instruct the CAO and the Department of Human Resources to evaluate current budgeted and actual contract positions relative to workload and submit any recommendations for changes in resource allocations to the Board for approval. If the removal option is approved by the Board, we would prepare an additional report containing detailed information.

Recommended Alternative

As an alternative to removal of the Sheriff's contracts unit and placement under alternative management, representative(s) from departments responding to the Board motion have met and unanimously recommend that the contracts unit remain within the Sheriff's Department with assistance by the AC and ISD. Justification for this recommendation is as follows:

- Because retroactivity is a countywide issue, and is not exclusive to the Sheriff's Department, other departments that frequently have retroactive contracts would need to be addressed.
- Removal of the contracts unit would bifurcate the Sheriff's Department's disciplinary authority over personnel involved with contracts, specifically line operations involved with contracting, and actual contracts unit personnel. Continued involvement by Sheriff's personnel would be required for law enforcement related contracts.
- Because retroactivity results from the lack of an adequate tracking system, a lack of resource management, and is contingent upon the accuracy of the information contained therein, placement of the Sheriff's contracts unit under alternative management would not automatically prevent contracts from becoming retroactive.
- Transferring the contracts unit may require additional net County cost to recruit and

hire personnel with contracts experience for staffing the new unit while some existing Sheriff's contracts unit personnel with less contracts experience may need to be reassigned within the Sheriff's Department.

Auditor-Controller Assistance

If the contracts unit remains within the Sheriff's Department, the AC has committed to assisting the Sheriff's Department by evaluating the procedures to be used to ensure retroactive contracts are prevented and contracts are otherwise properly administrated. The AC would make recommendations for any necessary changes, and testing for compliance. AC staff would participate on an ongoing basis, including on-site visits as deemed necessary by the AC and provide quarterly progress reports to the Board beginning in February 2003.

Internal Services Department Assistance

Similarly, ISD would assign a full-time experienced contracting staff person for an interim period to review the processes in the Sheriff's contracting operation and make recommendations for operational improvements, particularly in the area of retroactive contract controls. Specifically, ISD would:

- Review an inventory of contracts, associated expiration dates, and applicable contract extension language.
- Review current process for managing and preparing solicitations and contracts with specific attention to:
 - Compliance with County contracting policies and procedures;
 - Compliance with County contract terms and conditions; and
 - Use of County solicitation document models to standardize processes and plan for required solicitation time frames.

- Make recommendations for management approach to setting priorities and completing contract re-solicitations in a timely manner, as well as recommend operational improvements to streamline processes.

Sheriff Department's Corrective Action Plan

The Sheriff's Department recently appointed an internal audit team to perform an assessment of the contracts unit which resulted in development of the attached corrective action plan. Identified in the plan are various deficiencies within the contracts unit, including estimated completion dates for each corrective action. Specifically, the Sheriff has committed to restructuring the contracts unit, developing training, establishing a tracking system to prevent future retroactive contracts, developing internal policies and procedures, and increasing accountability for all staff involved with monitoring contracts.

Conclusion

Although we have discussed a plan to transfer the Sheriff's contracts unit to alternative management, we do not support the transfer for the above-mentioned reasons. As an alternative, the affected departments unanimously support an alternative plan allowing the contracts unit to remain within the Sheriff's Department assisted by the AC and ISD, along with quarterly reports by the AC to the Board of Supervisors. Additionally, the Sheriff's Department has developed a corrective action plan with specific goals to immediately begin to address deficiencies within the contracts unit.

Should you have questions or require additional information you may contact me, or your staff may contact Debbie Lizzari of my office at 213-974-6872

DEJ:DL
RG:lbm

Attachment

c: Executive Officer, Board of Supervisors
County Counsel
Auditor Controller
Internal Services Department
Sheriff's Department